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ABSTRACT

Prospects for corporate philanthropy in the 1980s and specifically the possibilities for enhanced interest in liberal education were addressed in a panel discussion by John R. Haire of the Council for Financial Aid to Education, Robert L. Payton of Exxon Education Foundation, Virginia B. Smith of Vassar College, and panel moderator Mark H. Curtis of the Association of American Colleges. Important issues for the 1980s are identified as the overall condition of the economy and the change in government funding and its implications for corporations and foundations. It is suggested that the business corporation may not be the main solution to funding needs for higher education, since, historically, endowed foundations and individuals have made a significant contribution. An approach emphasizing the three sources of funds may be helpful, and tax policies that affect foundations are an important consideration. With respect to support of liberal learning, it is suggested that education that helps an individual understand values of society and the heritage of the past has been receiving little attention in comparision to highly technical and specialized areas of education. It is claimed that corporations that seek employees with very narrow and specialized training do not find over time the flexibility and interpersonal skills needed for management responsibilities, and that business members also are very concerned about the sense of values of the individuals they employ. It is advocated that values and responsibilities accompanying freedom and rights should be addressed by educational institutions. A program of support from foundations and corporations to be used for small incentive grants to member institutions for projects to improve liberal learning has been sponsored by the Association of American Colleges. (SW)

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Strengthening Liberal Learning:
An Opportunity for Corporate Philanthropy

John B. Haire
Robert L. Payton
Virginia B. Smith
Mark H. Curtis

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STRENGTHENING LIBERAL LEARNING:

AN OPPORTUNITY FOR CORPORATE PHILANTHROPY

TRANSCRIPT OF A CONVERSATION

MAY 5, 1981

WITH

JOHN R. HAIRE, *President, Council for Financial Aid to Education*

ROBERT L. PAYTON, *President, Exxon Education Foundation*

VIRGINIA B. SMITH, *President, Vassar College*

MARK H. CURTIS, Moderator, *President, Association of American Colleges*

Association of American Colleges
1818 R Street, N.W., Washington, D.C. 20009

Conversation Participants

John R. Haire has served as the president of the Council for Financial Aid to Education since 1978. He attended Brown University and received an LL.B. degree from Harvard University. He served as a legal assistant to the Hon. William H. Vanderbilt and was associated with the New York Stock Exchange in various administrative positions, serving as vice president in charge of relations with governmental agencies and national organizations. He was also associated with W. Long & Co., Inc., Fundamental Investors, and the Anchor Corporation Fundamental Investors, serving as its president from 1964 to 1978, and chairman since 1964.

Robert L. Payton has been president of the Exxon Education Foundation since 1976. He attended the University of Illinois and the University of Iowa and received an M.A. in history from the University of Chicago. At Washington University (St. Louis) he served as editor of the University Magazine, director of university relations, and vice chancellor for planning. He was a consultant for the U.S. Department of State and Ambassador to the Federal Republic of Cameroon from 1967 to 1969. He has also served as president of C.W. Post College of Long Island University from 1969 to 1973, and Hofstra University from 1973 to 1976.

Virginia B. Smith served as director of the Fund for the Improvement of Postsecondary Education from 1973 until 1977 when she became president of Vassar College. Prior to that time, she was assistant director, then associate director of the Carnegie Commission on Higher Education. From 1952 to 1967 Dr. Smith was associated with the University of California at Berkeley in various administrative positions including that of assistant vice president. She has also served as a member of American delegations to international educational conferences. Dr. Smith earned her J.D. degree from the University of Washington after completing her undergraduate education at the same institution.

Mark H. Curtis has been president of the Association of American Colleges since 1978. Prior to that time he was a consultant to the Claremont University Center, the New York Public Library, and the National Endowment for the Humanities. He served as president of Scripps College from 1964 to 1976 and held teaching and administrative positions at the University of California-Los Angeles and Williams College. Dr. Curtis received his undergraduate and graduate training at Yale University, receiving a Ph.D. in English history.

STRENGTHENING LIBERAL LEARNING:
AN OPPORTUNITY FOR CORPORATE PHILANTHROPY

What factors will affect the amount of corporate philanthropy and the causes which it supports? Is it likely that corporations will contribute a larger share to the total philanthropic effort than they now do? Will education continue to be a major concern of corporate donors? Are there certain ways to channel corporate contributions to education that deserve special consideration?

Recently *John R. Haire*, president of the Council for Financial Aid to Education, *Robert L. Payton*, president of the Exxon Educational Foundation, and *Virginia B. Smith*, president of Vassar College and former director of the Fund for the Improvement of Postsecondary Education, addressed these and other timely questions of mutual interest to the two worlds of business and higher education. *Mark H. Curtis*, president of the Association of American Colleges, moderated this lively discussion and edited this transcript.

CURTIS: *To begin, what developments of the eighties are likely to affect the giving policies of corporations?*

PAYTON: The first thing that's going to affect corporate giving generally is the condition of the economy -- and what people think about it. People are more generous when they are optimistic about general economic circumstances, and they are understandably more careful if they are pessimistic about how things are going to be in the future. So the first, and often neglected criterion, is the condition of the economy overall. Is the corporate community generating the kind of surpluses that enable it to share them both in the form of taxes and contributions for public purposes?

The second, much more widely advertised consideration for giving policies, obviously, is the change in government funding and its implications for corporations and foundations. Assuming the government cuts back expenditures substantially, one observation to make is that if the cuts are anything like they are now talked about, they will be much more substantial than private giving is going to offset, whatever happens. The next observation, I guess, is that quite apart from the level of funding, the priorities are likely to be different. There is a notion that if the government cuts out the support in a particular field -- for example, support of social science research -- that somehow that set of interests and priorities can be shifted to the corporate community. But the corporations' interests are different; the corporations' approach to philanthropy is different. There is going to have to be a good deal of discussion about what corporations are going to want to support.

HAIRE: I think Bob is basically correct, but I think beyond that there are some other factors I would like to comment on.

First of all, I hasten to agree that at this particular point in time there is a belief that somehow corporations are going to be able to close the gap created by government funding cutbacks. This, I think, is a matter we have to deal with right up front. It is just not mathematically possible. In fact, I have seen some figures that would indicate that if you analyze government cutbacks in specific programs, all philanthropic giving to those programs would have to rise about 150% in the next three or four years to make up the difference. So there are some gaps here that it would be unrealistic to think could be closed this way.

Having said that, however, I must add that there is a definite trend towards a significant increase in corporate giving in the 1980s. If this trend is fostered intelligently and carefully, I think that the increases will ease some of the pain which will come from the cutbacks in government funding of social programs. A substantial amount of the increased corporate giving will go to education. Historically, education has always received about one-third of total corporate giving. So we don't think the picture is totally bleak, by any means, but it's going to take a fair amount of cooperation and work between the corporate sector and the higher education community to see that this incremental money is applied in ways that will help to preserve the quality of higher education over the balance of this decade and into the 1990s.

CURTIS: *John, your last comment encourages me. Recently some ideas which made me a little pessimistic came to my attention. Brian O'Connell, at a meeting of the Independent Sector, indicated that the cutbacks in the federal budget may have an impact on the availability of social services in a local community. Knowing of the impact of Proposition 13 in California, I wondered if corporations with a real sense of social responsibility may begin to feel obligated to support community services that up to this point have been handled pretty much by tax dollars and if such a situation will create competition for the philanthropic dollar that may put education in a rather different position than it has been in the 70s?*

HAIRE: It could create such competition, but I personally believe that education will be able to hold its own. We see throughout the corporate sector a real understanding that higher education in this country undergirds almost every area of activity and that it cannot be shortchanged without doing significant long-term damage to the future of our society.

SMITH: I, too, recognize that probably the single most important factor is the state of the economy -- if you don't have a surplus you can't use the tax advantage of providing funds out of corporate earnings. Yet my understanding is that corporations can give up to 5% of their taxable earnings but that the present rate of giving is about 1% of their taxable income. These facts would suggest that corporate giving could increase by nearly 80% and still represent a tax advantage for the corporations. Are we being too pessimistic about the ability of corporations to increase their giving? Is it the economics of the situation or is it the motivation in the situation that seems to be the primary deterrent?

PAYTON: I guess the only way I can think about this is to apply it to one's own individual circumstance. What is the reason why we as individuals don't give up to the limit of the deductible portion of our income? To illustrate, take the case of the taxpayer in the 50% bracket where the benefits of deductions are greatest. His giving pattern is not determined solely by the 50% that is tax deductible; he also thinks of the 50% of real money that he has to give away. That half is usable money. Similarly, in a corporation, you can use that money to increase your dividends or you can distribute the money to your employees. It can affect your prices and your cost of doing business. It's usable money. There are lots of demands placed on every company to use that money for the normal business of the company.

The other set of arguments says that an increasing part of that money ought to be used for the long-term general public benefits from which the corporation will indirectly benefit. The same thing can be said to us as individuals, but we don't always choose to be as generous as we might be. Presumably we are prudent and responsible in making those judgments. But it seems to me this question comes down to a discussion of what is prudent and responsible for the corporation to do in the circumstances. I don't think there's any question that if the general shift of the economic arrangements in this country solidifies and continues for some period of time, then the corporate share of support of public services and activities will increase, both indirectly through taxation generated out of increased productivity, as well as out of a greater sense of responsibility reflected in increased contributions. But to say that because there is a certain percentage allowable we can just push toward the goal of such a percentage lacks realism about motivation. If there were no deduction at all, it would work very much against our desire to give. The tax incentive to give is a good incentive. But it's pretty clear that beyond a certain point it isn't a very strong incentive and that's where we are right now.

CURTIS: *John, there's another point that I think needs to be made: only a small proportion of the total number of corporations in the country take advantage of the 5% deduction and actually make significant philanthropic contributions. Is there a likelihood that more will do so?*

HAIRE: We think, Mark, there will be a broadening of the base, but it's also true that those figures, which are pretty old, have to be viewed with modest skepticism. In the first place, those figures basically say that there are a great many corporations which choose not to deduct charitable contributions as contributions. But frequently contributions are just written off as business expense -- especially in many small corporations. So you have to take those figures with a grain of salt. I would also like to underline what Bob has said about the 5% of taxable income which corporations may deduct, because I think it has left a false impression in the minds of some people. That figure is only a limit. The law says that you can't deduct gifts in excess of 5% of taxable income. It is the only business expense on which there is a limit. If you choose to spend every dollar of your taxable income on research and development, or advertising, or any other appropriate business expense, you may deduct every dollar. Only in the area of corporate contributions has Congress

chosen to say you may deduct no more than this. Interestingly enough, each individual taxpayer has a similar limit. Usually you may not give away more than 50% of your taxable income. I haven't heard any criticism because individuals fail to fulfill their social responsibilities by not giving away 50% of their income. The 5% figure has unfortunately gained currency as the amount which corporations should appropriately give, and I don't believe that's what the 5% limit means at all.

SMITH: If -- and this was really the point of my question -- we are talking about something which is more in terms of motivation than tax incentive, can we say there's still a margin there?

PAYTON: Yes, there is. But there are obviously different kinds of tax deductions to stimulate different kinds of business responses -- for example, capital investment as opposed to some other use of that money. If we really concentrated on this, and showed the kind of ingenuity we show from time to time in using tax policy to reach social goals that we have all agreed upon, we could probably do something to stimulate more business support. For example, there have been proposals in the last couple of years that there be special deductions or tax credits for business support of basic research in order to stimulate that kind of activity. Now quite apart from the pros or cons of that -- and there are serious arguments against that approach -- it does mean that there are probably other methods we could use if we wanted to encourage business to give more. But the businessman has to weigh that against his other responsibilities. And those are clear. They are not only moral, but legal and technical as well, and he has to accept them.

HAIRE: Although the focus of this discussion is primarily on corporate and foundation giving, we should not overlook the most important source of giving that exists, and that is individual giving. Individuals, as you know, give probably 85-90% of all the money that's contributed for all purposes, and there has been an erosion of the incentive of many individual taxpayers to give in the past few years because we have increased the income level at which the short form can be used for Federal tax returns. Now, as you know, there is legislation pending in Washington which would permit persons who use the short form to deduct their charitable contributions. That single provision, if passed by Congress, could unleash far more money, not only for colleges and universities but for all charities, than a doubling of corporate contributions. This very simple step that Congress could take in its drive to reduce taxes in the next twelve months could materially help to close this gap which will come about as a result of cutbacks in government appropriations for education and other social programs.

CURTIS: *That's a very important point. I think the last figures I have seen suggest that the share of foundation giving has declined somewhat and the share of corporate giving may have risen somewhat, but the really strong sector which keeps philanthropy a major part of our economy is the individual giving.*

PAYTON: About half of that, by the way, goes for religious purposes, which often means for educational and welfare purposes that churches support.

But we should note that the tax policies have had a clear impact on the creation and operation of foundations. In the decade since the tax reform act of 1969, there appears to have been a significant weakening of that impact. My own point of view is that it is in the public interest to stimulate individual giving and foundation giving, as well as corporation giving. We should not try to advocate a shift of philanthropy from within the private sector to the business corporation, or look to the business corporation to come to play the role that individuals and endowed foundations have played historically. And, by the way, most endowed foundations are the result of individual philanthropy. I think I would rather see a lot of ingenuity shown to stimulate the continuation of the present diversity than a distorted expansion of the business role.

HAIRE: Absolutely, Bob. If we look to the corporations as our main salvation in this area we are doomed to disappointment. I think we must do everything we can to encourage both individual and foundation giving as well so that we have support from a three-legged stool.

CURTIS: *One of the arguments that I have often heard for increasing dependence upon corporate giving was that it was more responsive to increases in the gross national product and the profitability of the economy. Consequently, if corporate giving were emphasized more, beneficiaries of philanthropy would get increased support more quickly and in amounts proportionate to changing economic conditions. But what I am hearing now is that since all philanthropy benefits from improvement in the economy, this argument does not justify a serious change in the shared responsibility for giving.*

PAYTON: For most of this century, we have had a tax policy in this country to encourage philanthropy, and we need to continue to use that to stimulate *all* private sector giving. There was a period in recent history when there was a tendency to diminish the private sector role in philanthropy by shifting it toward the government -- the famous Stanley Surrey argument that the government should use its taxing power to collect socially expendable funds and the government with its full political processes should allocate them. We need to turn that trend around. There needs to be some further tinkering to stimulate more giving in all sectors -- and I really want to emphasize the *all* sectors idea -- and not simply in the business sector. It's the diversity of the system that is its great virtue.

CURTIS: *If we may turn our attention at this point to the objectives of philanthropy, with particular reference to education, I'd like to indicate that in my judgment one of the most important concerns in the world of education today is what happens to the quality and coherence of undergraduate education. For example, in 1979, the American Assembly (a group founded by President Eisenhower to study various aspects of national policy) made recommendations to restore the integrity of higher education, and urged institutions to resist current pressures to distort liberal undergraduate education by the introduction of excessive emphasis on vocationalism or professionalism. As all of you know, Steve Muller, President of Johns Hopkins University, and others have made a plea for improving undergraduate*

education so that students begin to develop a sense of values that will be significant and usable. I also found very interesting Rosabeth Kantor's claim made during a recent Carnegie Foundation Conference in Chicago that to survive in our complex society our corporations and other organizations require "common learning" -- the ability to see patterns, the ability to understand interconnections and interdependencies, and the ability to place acts of individuals and corporations in context. Virginia, what do you think needs to be done to improve and strengthen liberal learning?

SMITH: We have moved away from placing a high value on education which doesn't have immediate return in the marketplace. Perhaps we have linked the concept of education too closely with training for the labor market. I think that mistake began with educators themselves. We tried to figure out a way to communicate to others the *value* of education, so we started talking in terms of *investment* in education, and almost treated it as an economic good. But in reality the kind of good that we received from education has to be for much more than the labor market for we have a much more complex society. And I would agree with Rosabeth that as our society becomes more complex and as we spend more of our time in non-working endeavors, we must have the type of education that helps a person learn to live and to fulfill the responsibilities of citizenship, not just to earn.

I would argue that what we need is a counter-force of support. Right now most of the forces are all going in the same direction: that is, students concerned about the job market are responding to the market-place through their choice of courses; industry, to some extent, is also supporting those interests that are closest to their own immediate concerns; government as well has, at least in the recent past, supported those fields that seemed to be short in the labor market. So we have a number of forces that are all providing support for the highly technical, highly specialized areas of education, with relatively little counter-pull in the other direction. I think we are losing a whole generation of people who have not received the type of learning that can be gained best in an educational institution. We all seem to be rushing to provide the same sort of education, and it's clear that some of the technical education can be provided within industry, or can be learned outside of the usual pedagogical techniques of a classroom. But the learning that takes more time -- liberal learning, the learning that provides a sense not only of the values of society but the heritage of the past -- can best be done in the classroom. And *that's* the sort of thing we must get back to, if we are going to preserve the value of the educational system.

I would hope that there could be a new direction in giving to provide greater support for that kind of education which is hard to support by the natural market forces. Philanthropy, it seems to me, would do well to offset the pull of the market which distorts the values of our educational system.

CURTIS: *Bob, Virginia has put a challenging proposition. What criteria do you use to determine what educational objectives you support? How widely would this goal for philanthropy appeal to corporate and foundation donors?*

PAYTON: When I look at what's happened to liberal learning -- which I would define in terms of the traditional liberal arts when they are best taught -- the most direct, effective and lasting assault on that type of education took place in the 1960s. I saw evidence of that in the collapse of history, philosophy, and language departments when colleges abandoned a fairly clear set of general education requirements. One of the reasons for the student assault on the curriculum at that time was that the faculty had permitted itself to become overspecialized. Was that very different from what we are concerned about now -- of over-vocationalizing the undergraduate curriculum? Frankly, I could never quite see "careerism" in sociology or history or philosophy as any different from a career in law or business or any other activity. The inconsistency of this academic argument left the college vulnerable in defending its curriculum. Faculty specialization was followed by student specialization, both motivated by career considerations.

Secondly, the business community, which has the burden of hiring individuals, and of setting hiring standards, is going to be guided by the results of the performance of the employees that they hire. There is a bias toward hiring someone who is a useful employee immediately. And there is a concern about hiring an employee who has to be taught a great deal more in order to become productive. But there is also enough experience in the business community -- and you hear it cited all the time -- to show that there are other factors governing business careers, and those factors seem to be closely related to the traditional liberal arts.

The kind of overspecialization that you have seen on the campus does have its counterpart in the corporation. The corporations that are too narrow and overspecialized in their hiring practices, that look for people who are too specialized in their training, find over a period of time that they are not getting the flexibility, adaptability, and interpersonal skills they need to be successful in the management of the company. So the companies start talking again to the liberal arts colleges and start looking again at modification of career education to include more liberal arts. This is a struggle which has gone on for centuries and will continue to do so. There isn't a final answer to it because of the constant problem of adaptation to the changing environment in which education functions.

SMITH: It seems to me that this realization comes at higher levels of management before it comes at the level of the business recruiters. Perhaps one possible form of support (which is not actually philanthropy) would be more conversations which include college people with both top management and recruiters so that the awareness that we want people in corporations for both the long run and the short run could be made known all down the line.

PAYTON: I think it's a very familiar problem. A long time ago I first heard the chairman of a corporation complain that he was not getting the broadly capable talent he wanted at the top, yet his personnel people in hiring were obviously not working in that direction. But companies may do

something about that. The recent paper by Robert Beck, Assistant Vice President for Human Relations at AT & T, who knows a lot about the subject, shows how one corporation is moving on this front.* The real gap in communication between the campus and the corporation is at the level of placement, recruitment, employment and hiring. The need is to bring the specialists in the corporate world who are in personnel work into contact with *faculty* members on the campuses. Too often, the only people on the college campus who talk to recruiters are those specifically concerned with placement.

SMITH: I am reminded here of a very successful project that the QUILL Program of the Association of American Colleges recently helped support at Furman University. Through a number of summer internships, faculty members assumed working responsibilities within their community and then shared their experiences with the university community -- both students and faculty. It was a mind-stretching experience which has had the direct effect of making faculty members better student advisers and, in the long run, better teachers.

I also want to reemphasize the findings of the Beck paper to which Bob referred. It analyzed over a 20-year period the educational background of employees who had achieved the midpoint in the management hierarchy which is thought to be a sign of considerable success. Among humanities/social science majors, 43% had achieved at least the fourth (middle) level compared to only 32% of the business majors and 23% of the engineers. Although this group difference needs further interpretation, it can be concluded that there is no need for liberal arts majors to lack confidence in approaching business careers.

PAYTON: Another question that you mentioned earlier, Mark, the one about the difference between just teaching knowledge and teaching values, is a matter that would interest people in the business community, who are very much concerned about values. They've been sensitized by a variety of bad experiences -- not just in business, obviously, but everywhere in the society -- evidence of unethical performance demonstrating the need for better ethical standards, and how to develop and sustain them.

I have been reading some of the literature about values, and one of the criticisms that one might have is that the academic emphasis on values in recent years has been concerned more with process and less with judgment about content. It seems to be a response to what was previously a much too narrow and rigid sense of what that content ought to be. The responsiveness of the corporate community and private individuals to appeals for support of education and liberal learning will be based on their perception of what goes on there, especially in terms of what is done in the realm of values.

Career Patterns, the Liberal Arts Major in Bell System Management. Delivered March 4, 1981, at a conference on "Quality in Liberal Learning - and How to Improve it." Sponsored by the Association of American Colleges.

SMITH: I think it's an extremely important issue, and it involves a very fine line. In an educational institution, one doesn't want to impose values, and yet one wants to help students understand that values are an integral part of one's own actions and thinking. We want the students to understand the consequences of operating with different values, to know what their own values are, and to appreciate what they mean to them.

There was a time in the 1940s and 1950s when professors prided themselves on being value-free. They were teaching how to think, how to analyze, how to evaluate critically a variety of issues. Although each of them had values, they felt they were not imposing values. I think there's a movement today to have both institutions and teachers make their own values explicit, and help students understand the perspective from which they are teaching. With that basis, students can be in a better position to see what the consequences of certain values might be.

CURTIS: *I would like to emphasize that point. I am reminded here of Carl Becker's comment about historians of the late 19th and early 20th centuries who claimed they had no philosophy of history. He pointed out that they just didn't realize that a claim to have no philosophy of history was itself a philosophy of history, and then ironically remarked that without taking thought they believed they could add a cubit to their stature. I think this is what we in the academy have been saying about values: that without taking thought about them, we have assumed we still could add a cubit to our stature.*

PAYTON: But when you say you can lead the student from less adequate values to more adequate ones, you're also making other statements to that student. You're saying that the institution of which he is a part has certain criteria -- absolute requirements -- that will not be violated under any circumstances. For example, you say to the students that their opinions are not sufficient unto themselves to determine their presence in that community. Cheating or plagiarism are cause for dismissal. If you extend that thought, in society there are also some bottom lines of behavior -- some things that society will not tolerate. And I don't think we are helpless and ignorant and unable to determine what those values are. I think we have muzzled ourselves in talking about them. A lot of the current doubts about liberal education reflect the notion that somehow education these days tolerates the opinion that these things are just up for grabs, when in fact they're not. Even on the campus they're not. Making these things more explicit is the most important activity that can take place on the campus and it must affect the faculty members just as much as it does the students.

SMITH: Values can't really be discussed until they're explicit, and the old notion that we shouldn't discuss them, and that we should act like non-directive psychiatrists in the classroom without any thoughts of our own is no longer nearly as pervasive as it was at one time. I do think also that there is a return to the recognition that with freedom and rights goes responsibility, and an examination of what responsibilities are fundamental.

CURTIS: *At this point, I think we have reached consensus on an important issue. Hence, I should like to shift the discussion to another matter which we left hanging. Somewhat earlier, Virginia suggested that philanthropy might consider supporting that type of education which is not responsive to the marketplace. It is in great need of support, and should be reinforced with incentives so individuals will consider pursuing it. What could philanthropy do in the next decade that would help to support education that cannot be responsive to the marketplace? Are there means of giving which can support such education more effectively than others?*

HAIRE: At CFAE as we look into the future an increasing concern on our part is how we can help to preserve the quality of higher education in this country. We are concerned, as you are, with the tremendous economic forces that appear to be at work here. The demographic trends that we see are threatening reduced enrollment and reduced tuition income on the one hand, on the other continuing inflation is putting pressure on the expenses of our colleges. We think that we can build a very strong case for increasing corporate support of programs and activities which could help ease some of these pressures which if not relieved are going to affect quality adversely.

The deferment of expenditures for college libraries is a good example. Here is an area where, because of fiscal stringencies, colleges have experienced cutbacks not only in the acquisition of new books and other library materials, but also in the physical maintenance of buildings, books and facilities. Over a period of time, deterioration of libraries could obviously have a very serious impact on an institution's ability to preserve its quality.

CURTIS: *Bob, do you have any thoughts on this subject?*

PAYTON: The first thing is that my recent experience on the other side of the desk as a college president -- which I must say was a gratifying and rewarding experience in many ways -- reminds me that it is very easy to overlook one of the most useful forms of support -- the small, regular, unrestricted contribution. And corporate support nationally has always contributed a lot of that. The gifts are not related to very specific results, and they don't require an obsession with accountability. Regular $5,000 unrestricted gifts coming into a college are a very valuable source of support and we tend to forget it. In fact, unrestricted grants tend to be driven out of our programs as the grants grow in size.

SMITH: I think one can overlook the value of small grants. When I was at the Fund for the Improvement of Postsecondary Education, we found even in a government agency they were helpful. It seems to me that there are many ways, often unrecognized, in which the corporation helps institutions through small grants. One is the policy of matching grants for employee contributions. They have been a tremendous help to Vassar College.

PAYTON: Here is another idea, an old one. I was talking yesterday with a corporate executive about the advantage of the corporation placing a much higher value of education as such. The corporation could say to its

employees, "If you have the initiative and interest, we will financially encourage your further education wherever it takes you. We'll run the risk that you will waste your time or that you will learn something that will take you to our competitor. What we want to do is encourage curiosity and initiative. We want a corporate policy for the employees which will demonstrate our conviction that education in itself is a good thing. We want to encourage our employees to advance their education. We also want to find other ways to extend those benefits beyond the specific employee, perhaps to family members." A definite corporate stimulus would be provided that would have many very direct benefits for education. It would have value to the corporation's long-term interest, and wouldn't require special programs or interference with institutions.

HAIRE: I think there is a great deal of promise in that area, Bob, and not only in the area of tuition refunds for employees' continuing education. Most of the aid for employees' children, Virginia, takes the form of either scholarships or loan programs, rather than outright subsidy. There are definitely more and more of these programs being put into effect and I think Bob is right, there is a growing emphasis on this whole area of continuing education. And if, as I believe, the real value of liberal learning comes later in life, and if one doesn't get it during the undergraduate years, then certainly receiving it in the form of continuing education is the next best thing.

CURTIS: *I'd like to ask a question with reference to a specific means of giving. The Association of American Colleges has received in the last several years close to $1 million from foundations and corporations to be used for small incentive grants to member institutions for projects in improving liberal learning. We have been able, through these grants, which have averaged about $5,000, to accomplish a great deal in the way of improving education. We've also been able to offer foundations and corporations a service by establishing a system for evaluating small grants proposals that would be very expensive for a corporate donor to provide for itself. Is there any future for such a philanthropic strategy? Is it likely to be attractive especially for corporate donors?*

PAYTON: We obviously think well of the program. It is a model that could be adapted to other circumstances. You are talking about small and very specific ideas with a distribution of the labor over a number of people at low cost. You can involve a large number of companies and institutions in this type of activity. I don't see why it wouldn't apply to other institutions or why other associations might not be able to adopt it. Not all of the ideas are of equal merit, but it is a very good technique to develop small experiments.

HAIRE: I think it is valuable to experiment with as many variations as we can imagine, rather than relying simply on one-to-one philanthropy, to stimulate activity. This is a very interesting model.

PAYTON: Dissemination of the results of these experiments is also a very important aspect, which is why the Association can play an important role. It is difficult to get ideas transported from one campus to another. Pedagogical ideas don't travel very well.

CURTIS: *I'm grateful to all of you for the time you've given this morning and the thoughtfulness with which you approached the whole discussion. Is there something that any of you would like to say as a concluding remark to this discussion?*

SMITH: I would like to emphasize that the pattern of philanthropy over the past ten or fifteen years seems to have been more concerned with innovation, with trying something new, rather than with very solid, sometimes almost unexciting improvement and maintenance of quality. I would hope that in the decade ahead we would begin to value more the ability to maintain standards of quality both in the education itself and in the delivery of education. In the long run, support for that would seem to me to benefit us more than support for something just because it sounds new and exciting.

CURTIS: *Bob, do you have anything you would like to say?*

PAYTON: Well, we have just opened up a large question! Obviously, it is much more important that an institution's base budget balance than that it receive another one or two per cent at the margin. In spite of that, however, what we do at the margin is always what's most important in another way -- it's what really keeps the momentum going.

So philanthropy, which is out at the margin, is always looking for ways to make things better, or to sustain the quality that exists. The margin is where the leverage is. That needs to be thought about by the people who receive it as well as the people who give it away. Philanthropy is a very important and very little understood topic in American life. It arouses mixed feelings for a lot a good reasons. We are not sure what it is, how it works, how it affects our lives, how it ought to affect our lives, or what we *ought* to be doing about it. It is a much more important subject than we generally recognize.

Incidentally, I know of no course on philanthropy on any American campus. As far as I am concerned, the study of philanthropy could be a model of liberal learning.

CURTIS: *John, the last word will be yours.*

HAIRE: That's an excellent idea Bob has. There are now, as you know, college courses on fund-raising and management of not-for-profit institutions. But nothing that I know of on the history, philosophy and practice of philanthropy in general. And there ought to be, because organized philanthropy is a peculiarly American activity. And corporate philanthropy is the most distinctive feature of this distinctively American practice. There may be individual philanthropists overseas, and foundations or their equivalents, but there is no country in the world where corporations spend anything like the amount of time and money in the pursuit of philanthropy that the American business community does. And I believe that, the economy and the tax situation permitting, we will see that interest maintained and deepened and we will find it headed in the direction that higher education apparently would have it go -- toward the

maintenance of quality education, the perpetuation of liberal arts education and a closer working relationship with colleges and universities. As long as higher education doesn't assume that corporations can or should solve all their financial problems, I think it will be more than pleased with the corporate world's answers to its requests in the 1980s.